

IESBA eNews: January 2015



Thank you for signing up to receive eNews from the International Ethics Standards Board for Accountants® (IESBA®, the Ethics Board). This edition provides a summary of topics discussed and decisions made at the last Ethics Board meeting, held January 12–14, 2015, in London, UK. See the [Meeting Page](#) for highlights, including a podcast summary and agenda papers. You can also subscribe to our [podcast channel in iTunes](#) and follow us on Twitter [@Ethics Board](#).

In This Edition

1. [Non-Assurance Services](#)
2. [Structure of the Code](#)
3. [Review of Safeguards in the Code](#)
4. [Responding to Suspected Non-Compliance with Laws & Regulations](#)
5. [Long Association of Personnel with an Audit or Assurance Client](#)
6. [Review of Part C of the Code](#)
7. [Follow the Latest Ethics Resources, News, and Discussions in Global Knowledge Gateway](#)
8. [Next Meetings](#)
9. [IESBA Is Hiring](#)

1. Non-Assurance Services

Following a review of comments received on its [Exposure Draft](#), as well as consultation with the IESBA Consultative Advisory Group, the IESBA unanimously approved changes to the *Code of Ethics for Professional Accountants*™ (the Code) regarding the provision of non-assurance services (NAS) to audit and assurance clients. Subject to approval from the Public Interest Oversight Board (PIOB), the revised provisions will be published by early April. Changes to the Code will include:

- The withdrawal of the exception provisions that permit an audit firm to provide certain bookkeeping and taxation services to public interest entity (PIE) audit clients in emergency situations;
- Additional guidance and clarification regarding what constitutes management responsibility; and
- Enhanced guidance and clarification regarding the concept of “routine or mechanical” services relating to the preparation of accounting records and financial statements for non-PIE audit clients.

The IESBA also approved corresponding and conforming changes to Section 291 of the Code pertaining to the provision of NAS to assurance clients that are not audit clients. The changes will be effective approximately one year after the release of the final pronouncement.

2. Structure of the Code

The IESBA discussed a number of topics, including the possibility of rebranding the Code and aligning certain definitions of terms used in the Code with those of the International Auditing and Assurance Standards Board® (IAASB®).

In addition, the IESBA received a brief progress report on the project’s background work, including the possibility of using a plain English editor and refining the drafting guidelines for the restructuring work.

At its next meeting in April, the IESBA will consider responses to its [Structure of the Code Consultation Paper](#), which closed on February 4. The board is also expected to consider a preliminary draft of sections of the restructured Code.

To enhance accessibility and navigability, the Code is now available in a new [web-based format](#). Enhancements to the web-based Code are being considered in tandem with the restructuring.

3. Review of Safeguards in the Code

The IESBA approved a new project to review the clarity, appropriateness, and effectiveness of the safeguards in Sections 100 and 200 of the Code and those safeguards that pertain to non-assurance services in Section 290.

The IESBA will consider preliminary issues at its April 2015 meeting, including the approach to co-ordination between this project and the Structure of the Code project.

4. Responding to Suspected Non-Compliance with Laws & Regulations

The IESBA considered a revised draft of the proposed provisions on responding to non-compliance or suspected non-compliance with laws & regulations (NOCLAR). Topics discussed included:

- The factors to consider in determining whether or not to disclose NOCLAR or suspected NOCLAR to an appropriate authority;
- A draft rationale for the proposed response framework, which outlines the framework's strengths in guiding professional accountants in assessing the implications of NOCLAR or suspected NOCLAR and the possible courses of action in responding to it; and
- Illustrations of how the proposed standard can be applied.

The IESBA will consider a revised draft of the standard with a view to approval for re-exposure at its April 2015 meeting.

5. Long Association of Personnel with an Audit or Assurance Client

The IESBA considered comments received on its [Exposure Draft](#) concerning the long association of personnel with an audit or assurance client. Among other matters, the IESBA discussed, with respect to audits of public interest entities (PIEs):

- the length of the time-on period for all key audit partners (KAPs);
- the length of the cooling-off period for other KAPs, including the engagement quality control reviewer;
- the length of the cooling-off period for the engagement partner; and
- the proposed provision that a KAP, who at any time during the seven-year time-on period served as an engagement partner, be required to cool off for five years.

The IESBA will consider significant comments on other aspects of the Exposure Draft and a revised draft of the pronouncement at its April 2015 meeting.

6. Review of Part C of the Code

The IESBA discussed preliminary matters regarding Phase 2 of its project to enhance Part C of the Code, which deals with professional accountants in business (PAIBs). Topics discussed included the scope and objectives of this second phase, and use of terminology, including translatability of terms. The IESBA will consider revised proposals regarding the approach to Phase 2 and its scope in due course.

Transparency International (TI) UK attended this portion of the meeting and gave a presentation to the board on the role of accountants in relation to corruption and bribery, which is particularly relevant to Part C of the Code.

Meanwhile, the IESBA's Exposure Draft, which comprises Phase 1 of the project, is open for comment until April 15, 2015. All stakeholders are encouraged to comment on the proposed changes, which include:

- Section 320—revisions dealing, in particular, with misuse of discretion when preparing or presenting financial information. The revisions include enhanced guidance on how discretion can be misused in a manner intended to mislead, and the PAIB's actions when faced with misleading information.
- Section 370—a new section to guide PAIBs on responding to pressure from superiors or others to breach the fundamental principles, and on not placing pressure on others that would result in a breach of the fundamental principles.

[Learn more and submit a comment.](#)

7. Follow the Latest Ethics Resources, News, and Discussions in Global Knowledge Gateway

Last year, the International Federation of Accountants® (IFAC®) launched the Global Knowledge Gateway™, a digital hub for the global accountancy profession: www.ifac.org/global-knowledge-gateway. The Gateway serves professional and aspiring accountants in all sectors by providing streamlined access to relevant resources, news, discussions, and thought leadership in ten different areas, including ethics. Resources in this area, designed to serve both accountants in business and in practice, include surveys and reports on business ethics issues, as well as practical guidance on implementing the IESBA Code and other codes of conduct.

We invite you to explore, contribute your views and recommendations, suggest new resources, and subscribe to receive customized bi-monthly updates on new ethics and other content added to the Gateway. [Register](#) and [subscribe](#) to take full advantage of these features.

8. Next Meetings

Meetings of the Ethics Board and the Ethics Board's Consultative Advisory Group (CAG) are open to the public. The next IESBA CAG meeting will be held in New York, USA, on March 10–11, 2015. The next board meeting will be held in New York, USA, on April 13–15, 2015.

For more information and to register to attend an Ethics Board or Ethics Board CAG meeting as an observer, visit [Ethics Board](#)

[Meetings](#) and [Ethics Board CAG Meetings](#) respectively.

9. IESBA Is Hiring

The IESBA is recruiting at the Deputy Director and Senior Technical Manager levels for its staff team based in New York. For complete job descriptions and required skills and experience for these roles, see [Working at IFAC](#). Qualified candidates should send their resume to jobs@ifac.org.

Prepared by IFAC's Communications Department. Contact communications@ifac.org for further information.

Copyright © 2015 by the International Federation of Accountants (IFAC). All rights reserved. Written permission from IFAC is required to reproduce, store or transmit, or to make other similar uses of, this document, except as permitted by law. Contact permissions@ifac.org. [Unsubscribe from all IFAC emails](#) | [Manage IFAC subscriptions](#)